Memorandum

To: Chair and Commissioners

Date: January 13, 2006

File: Book Item 2.6e.(6)
Action Item

From: JOHN F. BARNA, JR.
Executive Director

Ref.: <u>**ALLOCATION AMENDMENT FOR TRAFFIC CONGESTION RELIEF PROGRAM**</u>
<u>**(TCRP) PROJECT**</u>
<u>**RESOLUTION TFP-06-04**</u>

<u>ISSUE</u>:

Should the California Transportation Commission (Commission) approve an allocation amendment to de-allocate $5,500,000 in TCRP funds for TCRP Project #32.8 – North Coast Railroad; Sub-paragraph (h) fund repayment of federal loan obligations (Q-fund)?

<u>RECOMMENDATION</u>:

With the enactment of Federal legislation in August 2005, that directs the Federal Highway Administration (FHWA) to forgive repayment of a $12,000,000 loan and with subsequent action by the Governor in vetoing Senate Bill 792 which would have allowed the TCRP funds to be used for other purposes by the North Coast Railroad Authority (NCRA), Commission staff recommends approval to de-allocate $5,500,000 in TCRP funding.

<u>BACKGROUND</u>:

In 1996, the FHWA loaned NCRA $12,000,000 from the Highway Planning and Construction Revolving Fund Loan Program (Q-Fund) to acquire portions of the Northwestern Pacific Railroad (NWP) right-of-way and station sites from the Southern Pacific (SP) Railroad. The Q-Fund is a zero-interest loan program that requires repayment by September 30, 2013.

To facilitate the fund transfer, the Department of Transportation (Department) and NCRA executed an agreement that stipulated, in part, that NCRA establish a trust fund and make incremental payments to ensure repayment of the Q-Fund loan. Because of continuing financial difficulties, the NCRA was initially unable to establish and maintain its repayment plan.

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To assist NCRA in repaying this debt, $5,500,000 in TCRP funds were included under Section 14456.50(h) of the Government Code to fund repayment of the NCRA Federal loan obligations.

Approval of this allocation amendment will allow the Commission the ability to allocate these TCRP funds to other projects within the TCRP.

Attachment